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# China Report

ECONOMIC AFFAIRS

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## NATIONAL POLICY AND ISSUES

### MA WENRUI SPEAKS TO SHAANXI ECONOMIC WORK FORUM

HK020620 Xian SHAANXI RIBAO in Chinese 19 Oct 82 pp 1-2

[ "Excerpts from 15 October speech by Ma Wenrui at conclusion of meeting of prefectural and municipal CPC Committee secretaries" ]

[Text] This meeting of ours studied the important speech made by Comrade Yaobang when he came and inspected Xian not long ago. In accordance with the 12th CPC Congress and this speech by Comrade Yaobang, this meeting has emphatically discussed the question of quadrupling the industrial and agricultural output value of our province and has also discussed the question of organizational reform and party consolidation. Related leading comrades at the provincial level and responsible comrades of all prefectures and municipalities have made fairly good speeches on these subjects and have had lively discussions on them. They unanimously held: Comrade Yaobang's speech straightened out our ideas and brought our drive into full play and gave us a good deal of enlightenment and great inspiration and is of great guiding significance in the implementation of the 12th CPC Congress spirit and the acceleration of all work. Through study and discussions, we have deepened our understanding and heightened our confidence, and have clearer understanding on the orientation of advance and the objective of the struggles. This meeting can justifiably be called an ideological mobilization meeting which aided us in drawing up programs and measures for quadrupling output value and in creating a new situation in all fields of socialist construction.

#### I. On the Question of Understanding in Thinking Concerning Quadrupling Output Value

Comrade Yaobang's speech both fully affirmed the achievements of our work and put forth his ardent expectations of us. Comrade Yaobang demanded that "we must further emancipate our minds and carry out reform in a more courageous way." These two remarks of Comrade Yaobang are highly directive and completely applicable to the actual conditions of our work and thinking. Since the third plenary session of the 11th CPC Central Committee, all of us have indeed done a lot of work, and as a result, great achievements have been scored on all fronts and marked changes have taken place in the political and economic situation of the province. All our achievements can be summed up into one point, that is, they are the result of endeavors made by party organizations at various levels and the vast numbers of cadres and the broad masses to resolutely carry

out the party's line, principles and policies under the correct leadership of the CPC Central Committee. Of course, there are still quite a few shortcomings and much to be desired in our work. So far as the Provincial Party Committee is concerned, in some work, and economic work in particular, we have not sufficiently emancipated our minds, not carried out reform in an adequately courageous way, lacked ample drive to blaze new trails and failed to vigorously grasp our measures and implement them in the right place. All these problems should be seriously solved while realizing the objective of quadrupling output value.

Comrade Yaobang demanded us to realize the objective of "attaining more than quadruple" the output value of industry and agriculture by the end of this century in our province. Can this objective be attained? How should it be realized? These are problems calling for a serious approach and an earnest reply from the party organizations at various levels throughout the province. To achieve this grand objective, we must first of all solve the problem of confidence, and to acquire firm confidence, we must base ourselves on the scientific analysis of both our objective and subjective conditions. While talking about the emancipation of minds and the realization of the objective of quadrupling output value, Comrade Yaobang put forth the following four principles: Stress should not be laid merely on making the country rich, but the peasants should also be made rich; stress should not be laid merely on grain production, but diversification must also be emphasized; stress should not only be laid on existing industry, but great efforts should also be made to develop energy and transportation; and we should not stay at the current level of management planning, operational management, science and technology, rather, we should energetically raise our level and create new and higher labor productivity. These four principles not only help us to emancipate our minds but also point out the way to enlivening the economy and realizing the objective of quadrupling output value. We must analyze our advantageous conditions and disadvantageous factors in light of these ideas of Comrade Yaobang, in other words, we must approach matters with an eye on the course of their development rather than staying at the old concepts, old conventions and old practices of the past. Now the key question is that we should have a sober understanding of the provincial, prefectoral and municipal conditions and gain a genuine and clear idea on the questions of how to give play to local superiority and how to lean toward advantages and avoid disadvantages. Taking the province as a whole, we have at least, as I see it, the following favorable conditions:

1. We have a strong party Central Committee leadership, a correct Marxist line and the correct program formulated by the 12th CPC Congress. This constitutes a most fundamental guarantee.
2. A political situation characterized by stability, unity and liveliness has initially taken shape, with the enthusiasm of the vast numbers of cadres and the broad masses for socialism being further aroused. This provides us with a reliable foundation for winning victory.
3. Through initial readjustment, the national economy has embarked on a path of healthy growth.

4. We have fairly good conditions for developing industrial and agricultural production. Considerable production capacity has taken shape in industry; light and textile industries have a certain foundation and the machine-building industry has a relatively great processing capacity. The province is comparatively abundant in electricity supply and rather rich in mineral resources, such as coal and nonferrous metals. Greater advances have been scored in agricultural capital construction compared with what it had been in the past. With "rivers covering 800 li of land in Shaanxi Province" and the Hanzhong Basin, 7/10 of the area in the province is covered with mountains with myriads of treasures, thus providing the province with a great potential for developing grain and cotton production and with fairly broad prospects in developing diversified undertakings.

5. We have a relatively strong scientific and technical force. In the province there are 40 institutions of higher education, more than 390 specialized research institutes, and over 300,000 intellectuals with various types of specialization, among them more than 180,000 are scientific and technical personnel.

6. The province has fairly great potential for increasing production.

7. Seen from the growth rate of the economy since the founding of the PRC, it is entirely possible to quadruple output value. Despite experiencing twists and turns in the past 32 years, the annual average increase in industrial output value remained at 13 percent. Meanwhile, the annual average growth rate in accordance with the assumption of quadrupling output value in the next 20 years will be only 7 or 8 percent. The demand on the growth rate of agricultural output value is a little higher than that in the past, but with the implementation of various economic policies, the widespread introduction of the production responsibility system and the vigorous development of diversified undertakings, the increase in agricultural output value will certainly be faster than the previous one.

At the same time, we must also acknowledge our disadvantageous factors, as manifested in low per-unit area yield in many projects in agriculture and a low commodity rate; a low level of industrial management and poor economic results; a lack of a clear picture of the province's resources and the poor foundation of the raw and semi-finished industry; inadaptability of communications and transport, and in particular, seriously inadequate railway lines and transport capacity; and great difficulty in finance and a deficiency in funds for expanding reproduction.

Taking the situation as a whole, we have many favorable conditions for realizing the objective of quadrupling output value but also a considerable number of difficulties, so the tasks are really arduous. But things are after all done by man! So long as we are full of confidence and encourage genuine enthusiasm we can overcome all sorts of difficulties on the road of advance and seize a new great victory. What is important now is to heighten our confidence and rouse ourselves. First, with the documents adopted by the 12th CPC Congress as our weapons, we must deepen our understanding, unify our thinking, enhance the revolutionary fighting spirit and display the spirit of communism. Second,

we must break away from the mentality of "feeling content with the middling state, "go all out and aim high, resolutely overcome the mentality of maintaining the status quo and being content to stay middling. We must acquire a burst of creative energy, be bold in blazing new trails, press ahead in the face of difficulties rather than sticking to convention and only looking after our existing stalls. Just as some comrades put it, to realize the objective of quadrupling output value, we, leading comrades at different levels, must have the spirit of daring to defy death and to wrestle victory, just as the Chinese women's volleyball team has. Third, we must combine unflagging revolutionary enthusiasm with a realistic spirit. The enthusiasm of the vast numbers of cadres and the broad masses should be brought into full play and everybody's enthusiasm should be guided on the correct path to create a new situation in socialist construction. We must rely on the masses, conduct investigation and study, draw up positive and reliable programs and measures and devote great effort to their implementation. What we have sized up with certainty should be done in a down-to-earth manner rather than staying at the stage of calculating accounts or in words only. The realization of the grand objective of quadrupling output value should be turned into the conscious actions of the broad masses. Fourth, we must rest the realization of the objective of quadrupling output value on the basis of self-reliance. Concerted efforts should be made to simultaneously turn the state, the locality, the collective and the individual from poor to prosperous. We must persist in the mass line and rely on the strength of the masses to overcome difficulties. In regard to construction projects, priority should be given to the medium and small-sized projects, and in construction funds, priority should be given to funds raised privately. Of course, some backbone projects should be put under comprehensive state estimation and unified arrangement. However, the state's funds are after all limited. We must not pin our hopes mainly on state funds.

## II. On the Province's Strategic Goal and Main Direction of Attack

It is initially assumed that we must strive to realize the objective of attaining more than quadruple the total output value of industry and agriculture in our province by the end of this century. An upswing should be effected in production and the population birth rate should be reduced. In accordance with the strategic steps of the country, we should do our work in two steps. In the first 10 years, main efforts should be made to readjust structure, properly regulate the proportion between various departments of the economy and accumulate manpower and material and financial resources to lay a sound foundation for economic rejuvenation in the next 10 years. The growth rate in the first 10 years may be a little low but a solid foundation will ensure a slightly rapid growth rate and a higher proportion of increase in the next 10 years. When this goal is attained, by that time, the political and economic appearance of our province will change significantly, the people's livelihood will improve considerably, and the level of being comfortably well-off will basically be reached.

In accordance with the strategic focal points of the country, and in light of the actual conditions of our province, particular prominence should be given to paying close attention to agriculture, light industry, transportation and energy, and education and science. This is our main direction of attack. The

province has a poor foundation in agriculture and grain production has for a long time been low and unstable. So we must pay close attention to agriculture, which should be given first place in the national economy. The potential in light and textile industries has not yet been brought into full play and the production of consumer goods for daily use is very backward. Efforts should be stepped up to amass funds and realize the objective of quadrupling output value. Backward transportation has become the crux of the problem of the province's economic development. Since our province is rich in energy resources, it has bright prospects for developing the energy industry. The problem at present is to strengthen geological prospecting work, gain a clear idea of energy resources, and enthusiastically exploit and rationally use them so that energy can play its important role in putting an end to the backward features of our province. Education and science and technology are far from being suitable to the requirements for economic development. All these should be listed in the programs as the focal points for the next 20 years which should be made to stand out.

All localities, departments and enterprises must proceed from their own actual conditions, be good at choosing the focal points of their own work, seek weak links as a breakthrough and ensure victory in the tough battle of realizing the quadrupling output value. As far as the realization of the objective of quadrupling output value of industry and agriculture in our province is concerned, prefectures and municipalities, such as Xian, Baoji, Tongchuan, Xinayang and Hanzhong, have good conditions and immense potential, and they carry a big weight in the industrial situation, so they should advance with bigger strides and strive to make more contributions. Conditions vary from locality to locality, with each having its own characteristics. Every locality should have its own focal points and it is not suitable for a locality to indiscriminately and mechanically copy the practices of others. Taking the province as a whole, in which fields of the economy should we make a breakthrough while realizing the objective of quadrupling output value?

In agriculture, we must resolutely implement the principle of "never slackening our efforts in grain production and enthusiastically developing diversified undertakings" and pay close attention to high and stable grain yields while grasping diversified undertakings and the processing industry of farm produce and sideline products. We must uphold socialist orientation, activate the economy and let the peasants become rich as quickly as possible. During the "sixth 5-year plan," we must surpass 20 billion jin in grain yield and fulfill the target of 1,000 jin of grain on the average for every rural population area by the end of this century; and the ratio of the output value of the diversified economy in total agricultural output value must be around 70 percent. In order to achieve this goal, we must prominently grasp the following four things:  
1) We must continue to perfect and raise the standards of various forms of the agricultural production responsibility system and further arouse the enthusiasm of the masses for production. 2) We must pay close attention to grain production, center our efforts on tackling the problems of areas with medium and low yields, raise per-unit area yield and boost total yield. We must ascertain the programs and measures for transforming the northern Weihe River dry lands and strive to make these areas the second largest granary in the province; we must effectively grasp the transformation of the hilly lands

in southern Shaanxi Province as an important task and carry out this work in a vigorous way when we are done with the transformation of the northern Weihe River dry lands. This is an important step forward in the solution to the grain problem of southern Shaanxi Province. In the flat lands of the central Shaanxi plain and the southern Shaanxi Basin, we must make an issue of ensuring a harmonious increase in production and change low yields into high yields and make high yields even higher. 3) We must energetically operate a diversified economy and tremendously develop the processing industry of farm produce and sideline products. Only when we take the path of one farming, two rearing and three processing in which the state, the collective and the individual go ahead simultaneously can the peasants become rich as quickly as possible. The production responsibility system should be perfected and enthusiastic support should be given to specialized and key households so that they can steadily advance in the direction of specialization and socialization. At the same time, particular importance should be attached to readjusting the economic structure of the internal sectors of agriculture, satisfactorily handling the relationship between grain production and diversified undertakings and solving well the various contradictions existing in production, supply and marketing and such questions as processing, storage and transport. These problems should be seriously studied and solved in the work meeting of the southern Shaanxi mountain area, which is to be convened soon. 4) We must vigorously grasp the transformation of the basic conditions in agricultural production. Efforts should be concentrated on water, fertilizers, soil and seeds and the reformation of the crop system. The benefit of existing water conservancy facilities should be brought into full play and energetic efforts should be made to develop small-scale irrigation works. In addition, active preparations should be made in order to create conditions for building large-scale water conservancy facilities. In all mountain regions and plains, and in particular those in northern Shaanxi, we must effectively grasp water and soil conservation work, transform mountains and regulate ditches, plant trees and grow grass, do a good job in bringing small river basins under control, ameliorate soil and turn the "three-loss" fields into "three-guarantee" fields.

In industry, we must firmly grasp such focal points as the light and textile industries, transportation and energy, pay attention to bringing into play the superiority of the machine-building industry and actively develop the raw and semi-finished industry. We must emphatically discover satisfactory solutions to the four questions: 1) We must base ourselves on raising economic results, speed up the tapping of, renovation and transformation of old enterprises and turn to "intension" in acquiring speed and results and give full scope to the potential of existing enterprises. In the past we had experience in expanding reproduction by relying mainly on building new factories but lacked experience in expanding reproduction by relying mainly on tapping the potential of, renovating and transforming existing enterprises. In the future more attention should be paid to summing up and spreading the latter experience. Particular importance should be attached to transforming our old equipment, old techniques and old technology with advanced technology. Without relying on technical advances there will be no way out for our transformation work. At the same time, some backbone projects should be undertaken in accordance with our needs and capabilities, for without them, it will be difficult to realize the objective of quadrupling output value. 2) We must energetically do a good job of

specialization and coordination in division of labor and vigorously push economic integration forward. The several integrated combines which the Provincial Party Committee and provincial government decided last year to develop the production of industrial consumer goods, namely, textile goods, wristwatches, sewing machines, bicycles, TV sets, radios and foods, clothing and chemicals for daily use, should be operated as soon as possible. We must effectively operate them well and set an example. On this matter we must adopt an overall point of view, break through all kinds of obstructions, break down the barriers set up between different localities and between different enterprises and resolutely take the path of coordination among specialized departments rather than indulging in the practices of "small but comprehensive" and "big and miscellaneous." We must actively and steadily reform our economic system. 3) We must further do a good job in the overall reorganization of enterprises. In realizing the objective of quadrupling output value, it will not do to rely on the present level of management, and a lot of energy should be devoted to improving management and administration. While reorganizing enterprises, first of all we must prominently grasp the large-scale backbone state-owned enterprises which have a fairly great impact on the national economy and the people's livelihood and the enterprises whose management is in chaos, which are beset with problems and have been operated at a loss for a long time. In regard to the contents of reorganization, we must firmly grasp the focal point--the reorganization and building of enterprise leading bodies, effectively solve the problem of leading bodies not being uniform in thinking, the failure to exercise effective leadership and being confused, and promote those people who are in the prime of life, proficient in professional work and good at management and administration to leading bodies. If this problem is solved satisfactorily, other problems will be solved easily and industry will accordingly develop at a higher rate and in a rather satisfactory way. 4) We must greatly develop the industry under the collective ownership system in urban and rural areas and really put it in an important position in economic construction. The collective industry is small in scope, flexible in operation and highly adaptable in marketing. It requires less investment but promises quicker results and thus has many advantages. Its development will be conducive to the readjustment of the economic structure in agriculture and formation of new rural economic system; conducive to the rational disposition and development of the multifarious economic forms and the acceleration of the construction of small cities and towns and the solution to the employment problem; and conducive to the multi-level rise in value, the increase in financial revenue and the ending's backward features of the province. In running the collective industry, we must put it under overall planning, confine it to a rational layout and develop it in a planned way and avoid blindness, and we must not allow the small to squeeze out the big and the collective industry to vie with the big industry for raw materials. In light of the experiences of various localities, we must give first place to small-scale and structurally light collective industrial undertakings, to local supply of raw materials and to the production of top quality and brand name products. We must thoroughly correct the sorts of "leftist" practices of the past, persist in independent business accounting, in taking full responsibility for one's own profits and losses and really run the collective industrial undertakings into the collectively run enterprises which are worthy of the name.

In education and science and technology, we must not grudge time, energy and money spent on "intellectual investment" and try to raise the scientific and technical level of the vast numbers of cadres and the broad masses. We must conscientiously do a good job of using cooperation in tackling the major problems of important projects, vigorously carry out the propagation and application work of scientific and technical findings, enthusiastically adopt new techniques, new equipment and new technology and turn to science and technology in acquiring production output and quality. We must attach particular importance to the role of intellectuals, and in particular, middle-aged intellectuals, further implement the policy towards intellectuals and enthusiastically help them to solve the practical difficulties in their study, work and life so that they can make greater contributions in economic construction. At the same time, we must be good at discovering talent and strengthen the training and nurturing of the various kinds of talent by various means.

### III. On the Question Concerning Organizational Reform and the Building of Leading Bodies

Organizational reform and the building of leading bodies is a major decision made by the CPC Central Committee. Whether or not this question is solved well is a key which has a bearing on the success and failure of the whole of our cause. Just as Comrade Chen Yun said, unless this problem is solved satisfactorily, the cause of communism may suffer setbacks. This is also an important guarantee for realizing the objective of quadrupling output value. We should carry out the reform of the party and government organizations at various levels at an early date rather than late. It must be made clear to the vast numbers of cadres that this reform involves the fixing of the authorized size of staff but not the fixing of new assignments for individual staff and workers, and they are urged to do their work well and avoid undulations in people's minds. Moreover, early preparations should be made for starting with the rational training of cadres immediately after organizational reform has been carried out.

In saying that reform should be carried out in a more courageous way, Comrade Yaobang stressed the need to train and promote young and middle-aged cadres and to pay close attention to the building of leading bodies. The problem of a gain and the lack of professional knowledge existing among the ranks of our cadres is very pronounced. Failure to be determined to solve this problem will make it really hard to handle in the next few years. For this reason, we must overcome one obstruction after another, break with all sorts of outworn concepts and solve this problem in real earnest. First, the leading bodies should be readjusted well and the problem of retirement and promotion should be solved satisfactorily. Then, 3-5 years or a slightly longer time of endeavors should be made to ensure that young and middle-aged cadres in the leading bodies at different levels at county level and above constitute more than half the total number. We must be bold and go all-out in promoting the cadres who possess political integrity and professional competence, are in the prime of life and can open up new prospects in work to leading positions at various levels. As for them, we must first see their strong points and support them in taking up the newly promoted posts and help them to overcome their shortcomings in their practical work and to raise the level of their leadership art. Of course, while fully promoting cadres, we must be steadfast to meet the requirements

for cadres and strictly ensure political soundness. The "five types of people" should definitely not be promoted and any of them who have already been promoted should be resolutely removed from leading positions. Those people who are mediocre and unambitious and attempt nothing and accomplish nothing should not be promoted. At the same time, satisfactory arrangements should be made for the elderly and infirm comrades who retire to the second or third line. The comrades in leading positions and young comrades should take care of the retired elderly comrades, respect them and pay attention to giving play to their role of helping and guiding their younger comrades and passing on experience to them.

#### IV. On the Several Tasks of This Winter and Next Spring

In accordance with the spirit of Comrade Yaobang's speech delivered at the 12th CPC Congress, from now on, we must center the arrangements of all our work around the implementation of the spirit of the 12th CPC Congress, and grasp the building of the two civilizations in a satisfactory and down-to-earth manner to usher in an upsurge in all fields of socialist economic construction.

1. We must earnestly organize well the cadres and the masses to study the documents adopted by the 12th CPC Congress. This is the first important task which the whole party is grasping at present. The Provincial Party Committee has made concrete arrangements and the party committees at various levels should step up efforts to their implementation. What counts in this respect is to pay close attention to the study of the leading cadres at county level and above and the training of backbone cadres to promote the study of ordinary cadres. First we must conscientiously study documents and thoroughly understand them and then study and formulate concrete programs and measures for implementing the spirit of the 12th CPC Congress in light of the actual conditions in work and thinking.

2. We must make unremitting efforts to carry out the struggle of striking blows at the serious criminal activities in the economic and other fields. At present we must guard against and overcome a slack mood and fear of difficulty. Major and important cases which have already been exposed should be investigated and accordingly dealt with as quickly as possible, and the work of hearing and winding up cases should be firmly grasped and done well. At the same time, we must rely on the masses to bring new cases into the open and carry out this struggle continuously and intensively, and bring the role of teachers by negative example into full play and teach the vast numbers of cadres and the broad masses to carry out to the end the struggle against the corrosive influence of bourgeois ideas. Great successes have been scored in putting an end to the unhealthy practices in the work of "receiving guests, redistribution and transfer of personnel and housing," but we must be sure to start well and end well rather than relaxing our efforts. Through these struggles, we must promote the fundamental turn for the better in the party style and in standards of social conduct.

3. An earnest and good job in the experimental work of party consolidation, with stress on party consolidation at the provincial level. The prefectures and municipalities with certain conditions are encouraged to carry out the

experiment under the unified arrangements of the departments concerned at the provincial level. We must step up our efforts to draw up plans and outline for experimental work, make concrete arrangements and immediately start putting them into practice so that we can present experiences in this respect by May next year. It is necessary to do an earnest and good job in conducting investigation and study, gain a clearer picture of the situation of the ranks of party members and party organizations and strive to know how things stand. The 12th CPC Congress report and the new party constitution must be taken as the basic contents of the experiment and stress should be put on conducting widespread and thorough education in Marxist ideology among party members. Then, on this basis, a good job should be done in the registration of party members and the consolidation of party organizations. This is a great issue of a policy nature. Only when meticulous preparations are made and some cadres are organized to carry out timely inspection and provide timely guidance can achievements be scored in rectifying the style of thinking and consolidating organizations and can useful experience be gained.

4. It is essential to do well the preparatory work of the Sixth CPC Provincial Congress. The meeting of cadres at the provincial, prefectoral and municipal levels and that of mountain area construction are to be convened this year. Less massive meetings should be held and the number of meetings of the professional departments should be put under strict control so as to concentrate our energy on doing our work well.

Finally, I want to stress once again that economic work should not be slackened at any time. A 1,000-li journey is started by taking the first step. Vigorous efforts should be devoted to grasping the tasks at present. In rural work, main efforts should be concentrated on perfecting the production responsibility system, and at the same time, close attention should be paid to the field management of overwintering crops and farmland capital construction so as to lay a sound foundation for reaping a bumper harvest in next year's first-round primary crops. In industry, energetic efforts should be made to grasp well the reorganization of enterprises to ensure the fulfillment and overfulfillment of this year's production targets and the target of handing over taxes and profits to the state and to make preparations for next year's production. Financial and commercial departments must also try to find more solutions and adopt practical measures to fulfill their tasks. The activities of the "five stresses" and "four beauties" should be conducted in a deep and sustained way, and the building of material civilization should be promoted with spiritual civilization. The tasks at present are particularly arduous. With the documents adopted by the 12th CPC Congress as the weapons and in accordance with the instructions of Comrade Yaobang, leading cadres at all levels should emancipate their minds, rouse themselves and improve their work style and work methods so as to ensure a new beginning in all of our work.

CSO: 4006/87

## NATIONAL POLICY AND ISSUES

NORTHWEST ECONOMIC SEMINAR CONCLUDES 19 OCTOBER

HK281400 Yinchuan NINGXI RIBAO in Chinese 22 Oct 82 p 1

[Report: "Economic Theory Seminar of Five Northwest Provinces (Autonomous Regions) Concludes"]

[Text] The economic theory seminar of the five northwest provinces (autonomous regions) successfully concluded on 19 October after 8 days of academic exchanges.

The meeting was held under the guidance and inspiration of the spirit of the 12th Party Congress. With a view to suggesting ways and means for creating a new situation in socialist modernization in northwest China, participants at the meeting studied and probed strategic issues in the economic development in this region.

They said, making a success of economic construction in the northwest will be of great significance for cementing the great unity of people of all nationalities, ensuring political stability and unity and consolidating national defense. Since the founding of the PRC, and in particular since the third plenary session of the 11th CPC Central Committee, the material and cultural life of the people of all nationalities have generally improved with the development of industrial and agricultural production. However, the gap between the advanced regions and the northwest in the speed of economic development is tending to become wide. On analyzing the characteristics of the northwest region, many representatives said, this region can strive to slightly exceed its target of quadrupling the gross output value of industrial and agricultural production by the end of this century if economic returns are improved. This is a little faster than the national average speed. When the goal is achieved, the standard of people's material and cultural life in the region will reach or will be close to a comparatively well-off level.

Representatives held that it is not only necessary but also possible to reach the aforesaid strategic goal. The reason is: Over the past 31 years, the annual gross output value in industrial and agricultural production in the northwest region has increased at an average rate of 7.9 percent, of which agriculture rose by 4 percent and industry by 13.9 percent. In the next 20 years, if the annual growth rate of the total output value in industry and agriculture can reach or even exceed 7.4 percent, then the gross output value in industry and agriculture can be more than quadrupled by the end of this century. This rate is in fact even lower than the average rate of the past 31 years.

Representatives also said that in order to achieve the strategic goal of economic construction in the northwest, it is necessary to adopt strategic measures which are feasible in this region. Thus people of all nationalities can be organized well to work hard for the realization of the goal. These measures should include: 1) Putting the development of farm production in the first place of economic construction and making a success of building the three major animal husbandry bases--Xinjiang, Qinghai and Gansu--as well as the commodity grain bases--the Guangzhou plain, the Hexi corridor, the Ningxia irrigated area and the Ili River valley. Meanwhile, it is necessary to develop the main and auxiliary forest shelter belts in the northwest in accordance with national unified planning. For this reason, great importance must be attached to improving the ecological environment in the region. 2) Vigorous efforts should be made to give rise to a strategic turnaround in industrial production, a change from putting undue emphasis on the speed of development to stressing economic returns, both in guiding ideology and in practical work. When this change is made we must strain every nerve to carry out industrial production at a high speed. 3) Solving the problem of training qualified persons and making good use of them in economic construction is the key to implementing the strategy for economic development in the northwest. Hence, we must vigorously train more specialized scientists and technicians, popularize education and wipe out illiteracy. Meanwhile, it is imperative to adopt and perfect a series of policies and measures so as to consolidate the present contingent of intellectuals and win over more talented scientists and technicians to come and work in the northwest. 4) It is necessary to work well at planned parenthood and to resolutely control the blind growth in the population. Representatives were confident that so long as they resolutely follow the road guided by the 12th Party Congress, the diligent and brave people in the northwest will surely, with the great help of the CPC Central Committee, achieve the goal they are fighting for.

The meeting decided that the next economic theory seminar of the five northwest provinces (autonomous regions) would be held in Qinghai Province in the fall of next year.

CSO: 4006/87

## NATIONAL POLICY AND ISSUES

### 'GUANGMING RIBAO' ON ECONOMIC READJUSTMENT

HK042352 Beijing GUANGMING RIBAO in Chinese 24 Oct 82 p 3

[Article by Zhong He [6988 4421]: "Major Achievements Gained in the Readjustment of the National Economy Over the Past 3 Years--Reading 'China Statistical Yearbook--1981'" ]

[Text] Comrade Hu Yaobang made a report entitled "Create a New Situation in All Fields of Socialist Modernization" at the historically significant 12th Party Congress. In his report, he fully affirmed the great historical contributions made by the third plenary session of the CPC Central Committee and the tremendous achievements scored over the past 3 years in the economic work of our country. The achievements of this period have been compiled by the State Statistics Bureau and fully reflected in "China Statistical Yearbook--1981," recently published by the Statistics Publishing House of China. This book not only details the achievements in implementing the national economic plan of 1981 but in particular also carries the main statistical goals of the national economy and social development over the past 3 years. Constant study of these statistics shows that since the third plenary session of the 11th CPC Central Committee, some major proportional relations have tended to harmonize, industrial and agricultural production has continued to develop and the people's life has been considerably improved thanks to the measures taken since the third plenary session to restore order out of chaos in economic sector and thanks to the implementation of the principle of readjusting, restructuring, reorganizing and upgrading. As pointed out by Comrade Hu Yaobang in his report, our national economy has passed the most difficult period and consequently has taken a healthy road of stable development. The following statistics are examples illustrating this.

(1) The relationship between agricultural structure and production has been readjusted to promote the development of the agricultural economy in an overall way. In the past, our agricultural production emphasized the importance of grain. Because of such a single-product agricultural structure, we were not able to make full use of agricultural manpower and natural resources. Over the past 3 years, however, all places have implemented the party's policies for rural areas, introduced various forms of production responsibility system, rearranged their agricultural crops according to their own specific conditions and undertaken diversified economic management. Thanks to these measures, overall bumper harvests have been recorded in agricultural production. From

1979 to 1981, sown areas of crops were rearranged. The acreage of grain crops was slightly decreased, but per-unit output increased. Annual total grain output during this period exceeded the pre-1978 level. In 1981, total grain output was 650 billion jin, 6.6 percent higher than 1978. The output of various industrial crops continued to increase. Cotton output in 1981 was 59.35 million dan, 36.9 percent higher than 1978. The output of oil-bearing crops was 204.1 million dan, a rise of 95.6 percent; output of sugar-bearing crops was 720.56 million dan, an increase of 51.3 percent; and tea production was 6.85 million dan, a rise of 27.8 percent. Total output value of forestry, animal husbandry, fisheries and sideline production was 61.7 billion yuan (calculated according to 1970 prices), 31.1 percent higher than 1978, showing an average annual growth of 9.5 percent. Fengyang County of Anhui Province was a poor place "hit by famine every 9 years in 10." But it has experienced great changes over the past 3 years. Its grain output in 1981 was 600 million jin, double the figure of 1978, while the output of oil-bearing crops was 310,000 dan, an increase of 550 percent. The average per capita income was 240 yuan, 300 percent higher than 1978. There are many other places across the country that have experienced such changes as this county. The readjustment and changes that have widely taken place in the production relations over the past 3 years have been turned into a powerful strength for overcoming natural disasters and developing the economy, and have raised economic returns. This situation is very encouraging.

(2) Industrial structure has been readjusted to develop the production of daily consumer goods by a relatively large margin. In the past, our industrial production was characterized by one-sided pursuit of high-speed development with steel industry as the key and consequently, the proportion between light industry and heavy industry was seriously out of balance. Over the past 3 years, the state has worked hard to promote the development of light industry. As a result, light industrial output value grew on average by 14 percent annually. The proportion of output value of light industry in total industrial output value increased from 42.7 percent in 1978 to 51.4 percent in 1981 (calculated according to 1970 prices). The output of major consumer goods increased considerably. Output of television sets in 1981 was 940 percent higher than 1978; output of radios and cameras increased by 250 percent; output of bicycles, sewing machines, wristwatches, soft drinks and wines more than doubled, while the output of yarn, cloth, woollen fabrics, sugar, leather shoes and cigarettes increased by 27 to 42 percent. More than 5,000 new products were under trial-production in 1981, and there were more than 70,000 new varieties. More than half of these products were approved for production. The past situation of "money in hand, people are rushing to buy up goods" has now become an uncommon sight. On the contrary, people now are able to select the commodities they like, while others are waiting for commodity prices to drop. This situation shows that market supply is good and that it is no longer necessary for people to rush for commodities.

(3) The heavy industrial product mix has been readjusted, its service has been expanded and some backward enterprises have been closed down. Over the past 3 years, heavy industry has changed the situation of serving itself excessively, and consequently it has been able to provide more products for agriculture, light industry, the market, exports and technical reform. For example, the

metallurgical industry has increased the output of products in short supply such as steel belts, steel plates, small steel items, welding pipes, materials for making steel window frames and materials for making steel wires and nails, considerably improving market supply. In 1981, the civilian machine-building industry made more than 1,300 kinds of new products, a record. The service of this industry has been expanded to cover agricultural and sideline production, consumer goods, textiles, commerce, environmental protection, packaging and many other fields. Total output value of mechanical and electrical products in 1981 was \$1.64 billion, 140 percent more than the previous year. Some large and precision machines and complete sets of equipment have already entered the international market.

In the process of readjusting the product mix of heavy industry, some enterprises that were characterized by high consumption, low-quality products and heavy losses have been closed down, suspended, merged or shifted to other production. Over the past 3 years, more than 200 small iron plants across the country have been closed down, suspended, merged or shifted to other production. The remaining plants were readjusted and upgraded, and consequently they have better economic and technical standards. The cost of producing 1 ton of pig iron fell from 304 yuan in 1978 to about 240 yuan in 1981. In 1981, a total of 109 small nitro-rogenous fertilizer plants were closed down, suspended, merged or shifted to other production. Compared with 1978, the consumption of raw materials, coal and fuel of the existing plants in producing 1 ton of ammonia fell from 3.3 tons to 2.2 tons; the consumption of electricity fell from 1,800 kwh to 1,467 kwh; and total losses fell from 610 million to 39.15 million yuan. Small fertilizer plants in 11 provinces, municipalities and autonomous regions have turned losses to profits. Other trades such as pesticides, dyes, and lacquer have also achieved better economic returns after readjustment. All this proves that to readjust the structure of enterprises and eliminate some backward ones is an effective way of raising macroeconomic efficiency and gaining overall initiative.

(4) The distribution of national revenue has been readjusted to improve the standard of people's life in rural and urban areas. In the use of national revenue, the proportion for accumulation dropped from 36.5 percent in 1978 to 28.3 percent in 1981, thus increasing the proportion for consumption funds.

Over the past 3 years, the state has increased the purchasing price of agricultural and sideline products in rural areas and cut some agricultural taxes. With these measures, peasants' income has been increased by 52 billion yuan. During this period, urban jobs were arranged for more than 26 million people. In addition, the wages of some workers and staff were readjusted, while the bonus system was introduced. As a result, the income of workers and staff increased by 40.5 billion yuan.

Investigations of peasants' households showed that the average per capita net income in 1981 was 223 yuan, 89 yuan higher than the figure of 134 yuan in 1978, showing an average annual growth of over 18.5 percent. Investigations of workers' families in urban areas showed that the average per capita annual income for living expenditures in 1981 was 463 yuan, 46.8 percent higher than the figure of 315 yuan in 1978. Deducting the price increase factor, real

income grew by 30.8 percent. Bank savings in rural and urban areas increased by a big margin. Savings deposits in 1981 were 52.3 billion yuan, 150 percent more than the pre-1978 figure.

Increases in income enabled the rural and urban population to demand more consumer goods with higher quality. Investigations of peasants' households showed that the average per capital annual amount of flour and rice in grain rations increased by 100 jin in 1981 compared with 1978, edible oil increased by 2.3 jin and meat by 5.9 jin. The consumption of high-price commodities such as woollen and silk garments, woollen thread and woollen underwear and sweaters was more than double the figure of 1978. In the matter of clothing, in the past people were mainly seeking low-priced but durable products, but now they prefer high priced products of good quality and new styles. Some worker families in urban areas already have the "four big items" (bicycles, sewing machines, radios and wristwatches) and they have begun to buy many other big items such as television sets, recorders, washing machines and cameras. The pace and the extent in the improvement of people's life in rural and urban areas over the past few years have scarcely been seen since the founding of new China.

The proportion of poor households in rural and urban areas has decreased considerably. But there still exist some peasants and a few workers who are living a relatively poor life because of their lower wages, less bonuses and heavy burdens. Workers' living facilities are still too crowded.

(5) The investment orientation of capital construction was readjusted to quicken the development of light industry and the construction of facilities serving people's daily life. Over the past 3 years, we have curtailed capital construction in a big way and actively readjusted the orientation of investment. Of the total investment in capital construction, the proportion of investment in heavy industry decreased from 50.9 percent in 1978 to 40.3 percent in 1981; the proportion of investment on light industry increased from 6.1 percent in 1978 to 10 percent in 1981; the proportion of investment in productive construction decreased from 82.6 percent in 1978 to 58.7 percent in 1981, while the proportion of investment in non-productive construction for meeting people's material and cultural life needs increased from 17.4 percent in 1978 to 41.3 percent in 1981.

State investment on housing facilities over the past 3 years was 29 billion yuan. The floorspace of the completed new housing was 223 million square meters, an annual average of more than 74 million square meters and more than 4 times higher than the annual average figure of some 18 million square meters during the 10 years of the "great cultural revolution." Over the past 3 years, about 18 million people in urban areas have moved into new houses, while their original houses have been used to improve the living conditions of millions of other people. At the same time, "house-building fever" has swept the rural areas. New houses built by commune members over the past few years have a total space of 1.4 billion square meters, and in general these houses are of better quality. The average per capita living space in rural areas is 10.16 square meters.

Investment made over the past 3 years in urban utility and facility construction was 4 billion yuan, and this construction has played an active role in improving the living conditions of the urban population. According to statistics from 184 cities, the number of people using running water in 1981 increased by 22 percent compared with 1978; the number of public buses increased by 32 percent; urban roads grew by 8.2 percent; gas supply increased by 65.8 percent; underground water pipes grew by 16.8 percent, while the acreage of greenery increased by 38.9 percent.

For the convenience of the people, the state also stepped up the building of commercial service points through various channels. While measures were taken to strengthen the construction of state-owned commercial service points, collective commercial service points were also rehabilitated and developed, and individual commerce has been allowed to develop properly under the premise of predominance of public-ownership economy. By the end of 1981, the number of commercial service points and snack shops under various economic management systems across the country was 3,300,000, with staff totalling 16.24 million, an increase of 73.2 percent over the figure for 1978. The situation in some cities where it was difficult to find restaurants, buy vegetables, have things repaired and find hotels has been improved.

(6) The relationship between economic construction and the exploitation of brain power has been readjusted to promote the rehabilitation and development of education and science. Since the system of college entry examination for senior secondary school graduates was restored in 1977, both the quality and number of university students have improved. By the end of 1981, the number of university students across the country was 1.28 million, an increase of 1/3 over the figure of 1960, the year of the highest figure of university students prior to the "great cultural revolution." The number of university students attending radio and television education has been increasing while education in polytechnic schools, technical schools and sparetime industrial and agricultural schools was also rehabilitated and developed. The number of scientists and technicians increased considerably. Some technicians whose jobs had nothing to do with their professional knowledge or who were idle were assigned jobs in line with their profession. By the end of 1981, the number of natural scientists and technicians in units under ownership by the whole people was more than 5.7 million, over 30 percent higher than the figure of 1978. Over the past 3 years, more than 8,490 major scientific research achievements have been recorded across the country; 269 creations and inventions have been approved by the state, while some scientific research achievements have or almost have reached advanced international levels. In agriculture, the popularization of the new strains of hybrid paddy, hybrid maize, Shandong No 1 cotton and China No 10 cotton has played an active role in increasing grain and cotton output. Over the past 2 years, our country has successfully launched rockets to the Pacific, launched three satellites with one rocket and recently launched a rocket from the sea. All this shows that the science and technology of our country has reached a new level.

There were so many problems unresolved for a long period in the past, and therefore it was impossible to resolve all these in the past 2 to 3 years. In addition, there have also emerged a number of new problems while we are making

progress. Of all these problems, there are three main ones. First, in the first 2 of the past 3 years, there were deficits in our state finances. In 1981, the state finances were basically balanced, but financial situation is yet to fundamentally improve. In the 2 years 1978 and 1980, the deficit was respectively 17 billion yuan and 12.7 billion yuan. In 1981, the figure dropped to something over 2.5 billion yuan; thus financial revenues and expenditures were basically balanced. But this balance was achieved when revenues fell and expenditures were cut, and therefore it has no solid foundation. Due to currency issue over the past few years, the national retail price index in 1981 was 10.7 percent higher than in 1978. The price of nonstable foods closely related to people's life rose by 32.1 percent. Second, the infrastructure departments such as energy and communication were not in a position to meet the needs of the development of the national economy. Our energy production has been stagnant over the past 2 to 3 years. It is true that in the first half of 1982, energy output was 8 percent higher than in the same period last year, but the level of energy production is lower than the level of development of industrial production as a whole. The capacity of railway transportation and harbors is behind requirements, and traffic congestion is still a common sight. To a great extent, this situation has affected the development of the whole of industry. Third, product mix and the structure of enterprise organization are not rational enough. Output of products in line with social needs is not enough, while the production of unmarketable products is excessive. As a result, there are enormous stockpiles, which affect economic returns.

In order to consolidate and develop the achievements scored since the third plenary session of the 11th CPC Central Committee and basically improve the situation of finance and economics it is imperative to follow the strategic plan for economic development defined by the 12th Party Congress, continue to resolutely implement the principle of readjusting, restructuring, reorganizing and upgrading, practice economy and oppose waste, so as to shift all economic work onto the road of concentrating on improving raising economic returns. We must concentrate our efforts on readjusting the economic structure of various sectors, transform, reorganize and merge the existing enterprises and carry out enterprise technical reform in selected units. The initial transformation already carried out in the economic management system must be consolidated and perfected, and the work of defining planning for the transformation and the related measures must be stepped up. In this way we will be able to gradually transform the economic management system. It is also necessary for the state to accumulate certain funds for carrying out a series of capital construction projects for energy and communications. In this way, we will be able to considerably improve economic returns and consolidate and maintain the basically balanced finance and credit and the stability of prices, and consequently solve the problems left over by history.

We are confident that under the guidance of the correct program and series of principles and policies set forth by the 12th Party Congress for launching socialist construction in an overall way, and with the concerted efforts of the people of all nationalities across the country, the superiority of the socialist system will be further displayed and the financial and economic situation will improve faster.

## NATIONAL POLICY AND ISSUES

### 'JINGJI YANJIU' ON NATIONAL INCOME DISTRIBUTION

HK151226 Beijing JINGJI YANJIU in Chinese No. 10, 20 Oct 82 pp 62-63, 70

[Article by Xi Shouyan [5045, 1343, 4282]: "Distribution of National Income Should Achieve an All-Round Balance"]

[Text] The party central committee's policies of further economic readjustments and further political stabilization and unification, which were carried out during 1981 throughout the whole country, saw all-round expansion in agricultural production, large-scale increases in light industrial production and enormous reductions in basic construction investment, thereby achieving a fundamental balance in financial revenue and expenditure and a basic stability in market commodity prices. Nevertheless, there has still not been a complete turnaround and improvement in the proportional imbalance in the national economy and financial problems still represent major problems in today's economic construction.

The key to solving these financial problems is to increase, at the least expense, products which correspond to production construction and the needs of the people, as well as to raise production, construction and circulation and other similar economic At present we must carry out correct readjustments to the proportional relations in the national economy, first and foremost the proportional relations between accumulation and consumption. We must ensure that the distribution of accumulation and consumption does not exceed the gross national income and we must also ensure a rationale in the proportion between accumulation and consumption to effect a comprehensive balance in the distribution of the national income.

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The national income (V plus H) represents the combined net total production value of the five major areas, namely industry, agriculture, the building industry, transport and communications and commerce. The national income equals the gross total of accumulation funds added to the gross total of consumption funds. Under normal circumstances, then, the total sum of the accumulation funds is added together with the total sum of the consumption funds to equal the national income. The sum of the annual increase in accumulation funds and the annual increase in consumption funds should be equal to the annual increase in the national income.

The distribution of the national income is material distribution and can only be carried out within the sphere of the gross national income. This thus demands that [indistinct] first distribution of the national income, peasants, workers, and enterprise and national finance receive rational proportions and that the proportional divisions between the various areas does not exceed the gross national income. Readjustments to the proportions in each area must be suitable and must also ensure that the gross national income is not exceeded. Financial redistribution also needs a balance and the proportion of the national income that the financial income represents must be decided on the basis of the level of productive forces, the economic system, population and other such factors. China's practical experience tells us that if the proportion that is the financial income becomes excessive or inadequate it will do no good at all. Excess effect consumption in people's livelihood while there are inadequacies will harm economic construction.

Since the third plenary of the party central committee, the party and the government, in order to improve the standard of living, have readjusted the structure of distribution and raised the proportions for peasants, workers and enterprises in the first distribution of the national income with good results. Nevertheless some problems have arisen, such as excessive distribution and irrational distribution proportions. These can be divided into two stages. The first stage is excessive financial redistribution, with proportional distribution being essentially correct in primary distribution of the national income. The second stage is excessive distribution during the primary distribution of the national income, mainly as a result of problems in distribution proportions.

The first stage in 1979 and 1980 saw raises in the purchasing price of farm products and sidelines and partial alleviation of tax burdens in regional villages, as well as increases in employment in towns and cities, and increases in workers wages and the implementation of the bonus system. The proportion occupied in the national income by the financial income dropped from 32.9 percent to 29.6 percent. At the same time there was no pressure put on essential construction, nor were there reductions in total investments, while 22 import projects, which should have stopped and were not, and enterprises and regions blindly and repeatedly introduced new projects, and not only did costs for national defense and administration not drop, they increased. Price subsidies for farm products and sideline products as well as the bonus system exceeded planning. Thus contradictions arose between the national income and the national expenditure, with expenditure being greater than income.

During the second stage in 1981, active work took place to carry out further readjustments to the national income, adopting a series of far-reaching measures. Thus essential construction investments were reduced from 55,900 million yuan in 1980 to 43,300 million yuan, a 22.5 percent reduction. Costs were cut in administration as well as in national defense spending. At the same time there were great efforts to expand production

of common industrial consumer products, with increases in market product supplies and a withdrawal of currency from circulation. The results were that finances improved and new currency put into circulation dropped from 7,850 million yuan in 1980 to 5,000 million, while market prices stabilized greatly. However, latent dangers still had not been totally eradicated. A basic equilibrium in finances was achieved because of reductions in expenditure and therefore had not been consolidated. Currency in circulation still exceeded planning while market currency circulation was still excessive and one-sided. Prices were still rising. All this suggested that distributionally, gross accumulation and consumption exceeded the gross national income, i.e. previous problems still existed. Despite this, the situation was not the same as that of the proceeding 2 years. Excessive distribution in 1981 was evident in the following three main areas:

1. The scale of negotiated and additional prices for farm products and sideline products was becoming increasingly larger, while purchase price levels continued to rise and national subsidies also increased to such an extent that it represented 17 percent of the gross financial expenditures. Agricultural income saw speedy increases that exceeded increases in agricultural production, and thus agricultural income increased 10 percent while agricultural production increased only 4 percent.
2. Some enterprises and work units which had introduced the bonus system began to lose control because of reckless and chaotic issuing and the appearance of subsidy schemes. As a result of unattained plans, the production rate of the entire work force of state-run industries and enterprises dropped by 1.8 percent, while national bonuses rose by 14 percent. This harmed the people's long-term benefits as well as the state's immediate benefits, and weakened the material basis for developing the national economy with planning and according to proportions and only added to the problems of readjustment and restructuring of the national economy.
3. Some enterprises contravened national regulations connected to national profits and taxation with the result that surplus enterprise profits increased while tax revenues decreased. In some cases this even led to increased costs and rises in production costs as well as tax evasion.

Finances in 1981 greatly reduced essential construction investment and in fact a situation was even reached whereby it was not possible to continue reductions. This suggests that the problems are not essentially problems connected with financial redistribution. Instead the proportion that finance represented in the primary distribution of the national income, namely 27.4 percent, was excessive and presented no way of achieving equilibrium.

In order to rid ourselves of financial problems we must first solve the problem of excessive distribution of the national income, and support the basic balance between the national income, primary distribution and redistributions.

We must set up and define suitable proportions between accumulation and consumption within the national income. Within these all-round importions we must define the accumulation funds and consumption funds to be distributed to each area and must ensure that the gross accumulation funds and gross consumption funds when totalled together do not exceed the gross national income. After the previous stage of large-scale readjustment the relations between consumption and accumulation became more rational, with accumulation representing 28.3 percent in 1981 and consumption reaching 71.7 percent. As of today, we must continue to rationally decrease the proportion represented by accumulation while at the same time raising the proportion represented by consumption. We must adopt methods of fine tuning and the main ways to decrease the accumulation rate are as follows:

- 1) Economizing on circulating funds. This demands very exacting and detailed work. Handling material stocks and bringing life to stagnant material stocks, suitable pressure on reserves of circulating products as well as production enterprise reserves and construction enterprise reserves.
- 2) Cutbacks on nonpredicted repeated construction and blind construction as well as reducing enterprise and individual work unit finances which have so far not produced any successful economic results. At the same time we must accordingly increase consumption funds expenditures within predicted limits (while increasing the proportions of financial revenue) in order to improve the proportion of consumption. Only on this basis can these four major balances be achieved.

In order to ensure the continued liveliness and health of the economy and with the intention of activating the enthusiasm of the peasants, workers and enterprises, we must ensure that the proportion of financial revenue continues to drop, thereby stabilizing the revenue of the enterprises, the peasants and the workers.

1. Readjustments are needed for the proportionate distribution of enterprise profits. First we must eradicate illegal enterprise policies and regulations that do not accord with the present proportions in dividing up enterprise profits and ensure that enterprise average divisional proportions decrease. Divisional proportions must be based on the administrative level of the enterprise and the varying degrees of mechanization and equipment. Proportions kept by the enterprise must be linked up with the standard of enterprise administration and the degree of economic success. This work should be carried out in conjunction with enterprise reorganization and consolidation.

2. Help stabilize purchase prices of farm products and sideline products. As of today, increases in peasant revenue will depend on increases in production. Purchase prices for these products need a stable period while reorganization of the quotas of requisition purchasing is worked out.

3. Reorganization of enterprise bonuses. Today we must define and improve this bonus system and set up good work quotas and systems of work responsibility.

We must help balance financial expenditure and revenue. To solve this problem, in addition to developing production, improving economic results and organising primary distribution of national revenue, we must thoroughly organize the redistribution of finances. Financial redistribution is of help to production development as well as to improving economic success. As of today, in addition to restricting unpredicted investment we must also rationally increase predicted essential construction investment, although the increase should only be slight.

Construction should and must be improved, as before, by simple billing. Under the premise of achieving a comprehensive balance in financial loans, some bank loan finances may be used to consolidate capital investments, although we must avoid forcing the banks to continue to introduce currency for financing.

In general, then, only by solving the problems of excessive distribution of the national income can we hope to obtain the necessary conditions for a fundamental improvement in finances and economics.

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(Author's place of employment: Economic Research Center, State Council)

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## NATIONAL POLICY AND ISSUES

### 'JINGJI YANJIU' ON PLANNED AGRICULTURAL ECONOMY

HK020903 Beijing JINGJI YANJIU in Chinese No 9, 20 Sep 82 pp 80-81

[Article by Han Ziyu [7281 5261 1342], Ma Changfu [7456 2490 4395], and Chen Youshun [7115 0645 7311]: "Several Questions Concerning the Principle of Taking Planned Economy as the Leading Factor and Regulation by Market Mechanism as the Subsidiary Factor in Agricultural Production"]

[Text] The Agricultural Production Plan is an important constituent part of the entire National Economic Plan. Practice has shown that it is not good to have a plan that effects too light a control and that it is not good either not to have any plan at all but that the only correct guideline is to insist on planned economy as the leading factor and regulation by market mechanism as the subsidiary factor. For agriculture to insist on the adoption of this policy, we believe that we must study and solve well the following several problems.

1. We must have a unified and comprehensively balanced plan. At present, the control structure over agricultural planning is not unified and there is a lack of liaison between agricultural production, the purchase and transfer of agricultural products, and the supply of the means of production for agriculture according to the cured tobacco planting plan, the departments in charge send direct instructions to the counties. The directions differ in content from the arrangements made by the localities. As a result, difficulties are generated in the supply of materials and in commercial purchases. Hence, in order that agriculture takes planned economy as the leading factor and regulation by market mechanism as the subsidiary factor, there must be a unified agricultural plan which has an overall balance and we must change the practice of "stationing soldiers at different points with each carrying out different orders." We must adopt and carry out the method whereby separate assignments are made for the execution of a plan in which the planning commission has already achieved a unified overall balance. The formulation of a plan should be from bottom to top. Top and bottom must work in unison and fully consult each other. All the relevant departments, localities and units should of their own initiative assist the planning commission to perform well the work of achieving an overall balance. Problems requiring solution must be concretely solved, and solved well, so that the agricultural plan has a scientific character and is thus authoritative.

2. We must rationally determine the base for the purchase and upward transfer of products. At present, concerning the base for the purchase of agricultural and sideline products, some localities employ the original quota purchase figure whereas others use a figure which is the average of the purchase figures of past years. The original base was formerly rational and played an important role in stirring up the production enthusiasm of the peasants. But, from the long-term view, this method of a fixed base has certain drawbacks. 1) It does not follow production development and readjustments in the geographical distribution of production to make corresponding and rational readjustments. Frequently it happens that the more developed the production the heavier is the burden on national finance. For example, in 1981, Anhui reaped a bountiful harvest in grain and oils. As a result, the above quota purchase of grain was 131 percent of the purchase quota whereas the surplus purchase of oils was 943 percent of the quota figure. That year, the payments made for grain and oils in excess of purchases at the quota price amounted to 568 million yuan. This exceeded the payments made in 1979, which was a normal year, by 279 million yuan; 2) there is no way of ensuring fulfillment of the targets set by the base figure. This is because every year there are disaster ridden localities and they send requests for a reduction of the base. Besides, farmers frequently wish to fetch high prices for their products. Following implementation of the regulations calling for taking full responsibility for output quotas and assigning the households full responsibility for task completion, some households have failed to fulfill their base figure requirements but turn over their products to others to sell at surplus purchase prices, or carry their products to other localities to sell at higher prices. In 1981, in Anhui Province, the surplus purchases of grain, cotton and oils were exceeded several times but a portion of the base figures still remained unfulfilled. Fulfillment of the base quotas that year was: grain, 97 percent, oils, 98 percent and cotton, only 83.4 percent; 3) this method has worked to the disadvantage of old commodity base areas which used to handle large quantities of commodities. For example, in Anhui Province, the supply of oils and fat used to depend on areas along the valley of the Changjiang River. There, the base figures for state purchases were fixed rather high. But in recent years, in Huaibei, rapeseed plantation enjoyed a great development but the original base figure for purchases was rather low. As a result, surplus purchases far exceeded those in the old areas. For example, in Fuyang the state surplus purchases of oils and fat were 2100 percent of the base whereas in the old Chaohu area the surplus purchases were only 900 percent and in Anqing, only 250 percent. Again, take cotton for example: the base for the old plantation areas along the river was also fixed rather high. As a result, the surplus purchases in the old Anqing production area amounted to only 15 percent of the base, in the Chaohu area, to only 5.2 percent, and the smallest in the Xuan-cheng area, being only 0.8 percent. [HK029905] However, in the Huaibei new plantation area, the fixed base was especially low and in the Xiuxian area the surplus purchases amounted to 170 percent of the base. From this it can be seen that the practice of fixing tight a base purchase figure lasting for several years breeds many problems and is detrimental to the readjustment of the geographical distribution of the crops and implementation of the State Plan. We suggest that the static base be changed to a flexible one, that is to say, that in accordance with the needs of the state, for different agricultural and sideline products a definite ratio be set between state monopoly or quota purchases and surplus purchases such as 20-80 percent or 30-70 percent, the former

at a parity price and the latter at surplus purchase prices. Purchases should be made and paid for according to the year plan announced by the state. Agricultural and sideline products in excess of the assigned tasks should first meet the needs of the state. Those not needed by the state may be handled by the commune members themselves. In this way, the disadvantages of a tight base can be avoided. However, because this method involves the readjustment of the economic interests between the state and the peasants, it is a big problem and must be studied with great caution. We must proceed carefully.

3. We must further improve the economic contractual system. Implementation of the contractual system represents an important reform in the structure of agricultural planned control. It is an important form of enforcing the State Plan in the communes and production brigades. Its advantages are: 1) respecting the peasants' autonomous rights in production. It enables the peasants to pursue production according to the needs of society, in a planned manner, and abiding by the principle of suiting measures to local conditions; 2) putting the State Plan in the right place for implementation and ensuring meeting the needs of both the state and the populace. At present, the importance and benefits of the economic contract are understood by everybody and its usage has spread rather extensively. However, judging from the contracts signed in various localities, it appears that many of them are not in conformity with the requirements of an economic contract. According to the requirements, an economic contract takes the form of an agreement whereby the parties concerned, following the stipulations of the State Plan and the relevant policies, definitely specify their respective rights and obligations. Unfortunately, at present, many of these contracts merely specify the obligations which the peasants should enjoy. Some peasants have complained that whereas the agricultural and sideline products which they deliver or sell to the state are made at state prices, the contract makes no mention of the means of production which the peasants need and hence the peasants are obliged to buy them at high prices. A contract of this kind which specifies obligations but nothing about rights is in substance a "letter of guarantee." According to the requirements under the statute governing economic contracts, the parties signing the contract should be the commune brigade or peasant and the commercial departments directly making the purchases. Cadres in the communes or production brigades principally perform inspection and supervision work to ensure the execution of the contract. The contents of a contract should on the one hand denote the obligations and responsibility of the peasants to the state and the collective, and should, on the other hand, denote the state's support to the peasants.

4. We must improve the accuracy of market forecasting work. Among the agricultural products, aside from grain and oils most of which are for self-use, basically speaking the other economic crops and agricultural special products are for sale. Output of products of a commercial nature is usually regulated by market conditions. Hence, performing well the job of accurate market forecasting is a prerequisite to planned production which conforms to market needs. In recent years, in Anhui Province the production of certain agricultural products showed rather large fluctuations. This was largely related to inaccuracy in market forecasts. In making market forecasts, we should not only have a clear understanding of the supply and demand of each and every one of the agricultural and sideline products but also take into consideration the influences

of our country's current administrative structure and policies on the supply and demand conditions of agricultural and sideline products. At the present moment, looking at the country as a whole, certain agricultural and sideline special products appear to be suffering from a surplus in production. However, aside from several individual varieties, the so-called surplus needs to be concretely analyzed. In some cases, the surplus is due to the passage of commodities through the circulation lanes not being smooth enough and as a result the surplus is a reality in certain localities only and not for the country as a whole. Also, due to unfavorable prices some business units are afraid of incurring losses and do not want to take on more purchases. In still other cases, the commercial purchasing departments lack the necessary storage facilities, cannot play the role of a commercial "reservoir," and refrain from buying at the least sign of overloading. [HK020907] In the last few years, production of rapeseed has flourished rather well and it appears that supply has exceeded demand. In reality, on comparison with the actual livelihood needs of the urban and rural population, rapeseed is not really overabundant. The problem is that we have yet to prove further into the processing and extended use of rapeseed. Moreover, the existing price policy somewhat restricts the sales volume of rapeseed oil. It is found that the government has to give a subsidy of 0.80 yuan per jin of rapeseed oil sold. In this way, it cannot purchase more, or sell more, but can only resort to rationing. Therefore, concurrently with strengthening market forecasting, we must also study and solve certain of the problems which affect the balance of supply and demand.

5. We must correctly make use of economic regulations. In order to ensure that in agriculture planned economy is the leading factor and regulation by market mechanism is the subsidiary factor, the correct use of regulations such as those concerning prices, taxation and credit and loans is a problem of paramount importance. As for those agricultural and sideline products which the state urgently needs and which are lacking, their output can be readily improved if only we can appropriately raise the purchase prices and give the peasants support in taxation and in credit and loans so that they will know the benefits of producing them. However, in the event of certain agricultural and sideline products really suffering from a surplus in production and exceeding the actual needs of the state, then appropriately lowering the purchase prices and imposing certain restrictions with regard to credit and loan and taxes can correspondingly achieve an effective control. Actual practice has shown the fallacy that only rising prices, and not falling prices, are advantageous to production. If the prices tend to be too high and cannot be lowered in time, then the limited purchasing power of society can adversely affect the sales and in turn production is likewise affected. For example, honey used to be exported abroad but now is mainly retained for domestic consumption. But because of its high price, food plants in the country do not want to use it, while the consumers at large cannot afford it, and the purchase departments do not want to purchase too much of it due to its unmarketability. This results in a fallacious surplus production of honey. In reality, honey is still very much needed by the consumers. If its price is appropriately lowered and if we follow the principle of making more sales but at a thinner profit margin, then the volume of sales can be immensely increased and in turn honey production will be promoted. The objective demand in the correct utilization of the law of value is that prices may fluctuate within a definite range and indeed may

go up or down. At present, there is a trend which believes that the use of economic regulations to develop production must be followed up with such measures as raising prices, reducing taxation and even exempting taxes and refunding the profit remittances and that if this is not followed then the government may be said to have changed its policy and be again wielding a big sword to kill the enterprises. Opinions of this kind are entirely one-sided.

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the corresponding period of last year. In the 2 months of April and May, the output of polyester cloth, whose output is limited by the state, was above the planned targets, and this had a direct effect on raising the marketing income, the interest, and other costs. This situation must be changed. The profit index is an important multipurpose index, but in the present period of readjustment there exist certain irrational factors in price, tax revenue, and system of organization and there exist some problems in the relationship between supply and demand, so that the profit index alone cannot accurately reflect the overall administrative and management level of an enterprise and it must be linked to other economic and technical indices. In determining the profit index itself, we must uphold the principle of first obtaining more income for the state and next letting the enterprise retain more profit, and choose advanced, rational base contract figures. The profit base figure of an enterprise in which production shows regular profits should normally be higher than that of last year, and the loss base figure of an enterprise that show losses should be lower than that of last year.

The economic responsibility system combines rights, responsibilities, and profit and is advantageous for arousing the enthusiasm of cadres, staff and workers. However, we cannot make it a "basket" into which we cram everything. The leading personnel of some enterprises oversimplify their work and try to save themselves trouble by putting into the evaluation scope of the economic responsibility system the small number of staff and workers who do not attend meetings, who do not take part in culture and learning, who do not take part in voluntary labor, and who fight and curse others, and they substitute rewards and punishments for administrative and management work for ideological and political work. This, on the contrary, weakens the economic responsibility system and encourages among people the mistaken idea of "looking only for money." In practicing the economic responsibility system, the staff and workers can only be held responsible for their own share of the economic indices, such as output, quality, consumption, and work attendance. As for the shortcomings or problems of staff and workers in other respects, they should be resolved by administrative and management work and by ideological and political work. The further perfection of the economic responsibility system depends on how people do it. If their thinking is illogical, they will get half the result with twice the effort. The idea on the part of a small number of staff and workers that norms should be set low and bonuses high and that bonuses can only be high and never be low, requires that they be given education in the relationship between the "three interests" and in their sense of responsibility as masters. If ideological and political work permeates the economic responsibility system it will really become a powerful motive force that entangles the advanced, spurs on, the backward, and arouses the masses' enthusiasm for socialism.

An extremely important problem is that of implementing the responsibility system in all layers within an enterprise. All enterprises where favorable factors exist must, proceeding from reality, conscientiously learn from the experiences of the Capital Iron and Steel Company and, like it, uphold advanced and rational norms, make strict arrangements, and effect distribution according to work; break down all the economic indices layer by layer, assign

ECONOMIC PLANNING

STATISTICS FOR GUANGDONG INDUSTRIAL PRODUCTION IN FIRST HALF OF 1982

Guangzhou NANFANG RIBAO in Chinese 11 Jul 82 p 1

[Article by Guangdong Provincial Statistics Bureau; "In the First Half of the Year Our Province's Industrial Production Developed Steadily"]

[Text] In the first half of the year, industrial production in our province continued to develop steadily, fulfilling 50.3 percent of the annual plan with an 11.9 percent production increase over that of the same period of last year.

There were several special features in the industrial production situation in the first half of this year:

1. Increased production was widespread. In the province, 13 prefectures, municipalities, and autonomous prefectures increased production. Showing production increases of 10 percent and above were Guangzhou, Shenzhen Municipality, Hainan Administrative District, and the prefectures of Shantou, Huiyang, Foshan, and Zhaoqing.
2. Development of heavy industry was accelerated. Heavy industry grew by 7.8 percent over that of the same period of last year, and its growth rate was 1 percent faster than that in the same period of last year. The output value of light industry increased by 14.1 percent.
3. The proportion of products for which plan were fulfilled rose. Of the 61 major product plans, 45 were fulfilled or overfulfilled, 73.8 percent of the total. Of 65 constant products, 50 products showed production increases as compared to last year, 76.9 percent of the total. In the first half of this year, there was an accelerated rate of production of products related to people's life that are in short supply, and plans for most of them were overfulfilled. Compared to the same period of last year, there was an increase in coal production of 30 percent, 3.4 percent above plan. The amount of crude oil processed increased 5 percent, 3.3 percent above plan. The amount of electricity generated increased 15.6 percent, 2.2 percent above plan. Cement production increased 13.3 percent, 3.1 percent above plan. Plate glass production increased 3.5 percent, 33.3 percent above plan. The production of bicycles increased 40.2 percent, 7 percent above plan. Sewing machine production increased 36 percent, 2.5 percent above plan. Beer production increased 41.4 percent, basically reaching the rate of progress required by the plan.

4. Product quality was either stable or improved. According to statistics for the quality standards of 54 products in the light, metallurgical, building materials, electronics, and coal industries from January to May, 70.4 percent were of stable or improved quality. In Guangzhou Municipality of 99 products tested, from January to May, 84 were of stable or improved quality, 92.3 percent of the total. The quality of important light industry products such as bicycles, sewing machines, and Diamond-brand electric fans was improved. Since the beginning of this year, The Guangzhou Bicycle Plant, with the goal of surpassing the "Flying Pigeon"-brand bicycle, has focused on the question of the quality of electroplate and paint and has improved its technology and reformed its equipment. From January to May, quality reached 95.07 points, 4.4 points higher than in the same period of last year and over 5 points over the plan requirement.

5. Economic benefits rose gradually. In the provincial budget, the income from sales by local state-run industrial enterprises in the first half of this year increased 9.3 percent as compared to that of the corresponding period of last year; profit obtained increased 12.1 percent over that of the same period of last year; and profit turned over to the higher authorities increased 1.2 percent over that of the corresponding period of last year.

6. The labor productivity rate continued to rise. From January to May, the labor productivity rate of industrial enterprises which are in the all-people independent accounting system rose 7.3 percent over that of the corresponding period of last year.

The fundamental reasons why our province's industrial production was able to continue to develop steadily were that the improvement of economic benefits was made the central task and that the relationship between speed and benefits was handled comparatively well; that, while summing up experiences in carrying out special policies attention was paid to the stability and continuity of the policies; that the policy was further and thoroughly implemented; and that there was a crackdown on serious criminal activities in the economic sphere, thereby promoting the smooth development of economic work.

However, some problems still existed in industrial production in the first half of the year, the principal ones being that for some products, because of reasons such as being of inferior quality but high priced or being goods that do not satisfy the market, the phenomenon of overstocking was comparatively serious; that the consumption of materials in some enterprises was fairly high and costs did not go down; and that some enterprises, because raw materials, fuel, and motive power were in short supply and the enterprises "did not eat their fill," they were put in a stop-and-go situation, thereby creating a situation in our province in which the economic benefits from industrial production were still not ideal.

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## INDUSTRY

### REORGANIZATION OF ECONOMIC RESPONSIBILITY SYSTEM VIEWED

Shenyang LIAONING RIBAO in Chinese 11 Jul 82 p 3

[Article by Chen Guohua [7115 0948 5478] et al.: "Reorganizing Industry's Economic Responsibility System"]

[Text] Last year, when the financial task began to be carried out, the economic responsibility system for industrial production was put into widespread practice. Looking at the present, we see that its direction is correct and that its results have been fairly good. It plays the role of improving the administrative and management level of an enterprise, the fulfillment of industrial production plans, and the financial task of turning over profits to the higher authorities. To practice the economic responsibility system is an extensive, deepgoing change, and since there is not enough experience in practicing it, once it is spread all over it is hard to avoid some problems. For example, because the economic responsibility system is linked only to profit indices, certain departments and enterprises, disregarding the state plan and ignoring product quality, onesidedly pursue profit and onesidedly stress the interests of the enterprise or its staff and workers; a small number of enterprises, violating financial discipline, engage in dishonest practices and distribute bonuses recklessly; and between enterprises "unequal joys and sufferings" have emerged. We should soberly appraise these problems in the spirit of seeking truth from facts, neither turning a blind eye to them and letting them spread unchecked nor, because of them, entertain doubts about practicing the economic responsibility system, and even draw back from it. If we do otherwise, there will be no way to advance the work of economic reform. In the present reorganization of enterprises, we must make the reorganization of the economic responsibility system a central link and really get a good grip on it.

In reorganizing the economic responsibility system, we must change the practice of making profit the only index to the practice of making profit, quantity, quality, variety, cost, and goods supply contracts the main indices. This will avoid a fall in product quality when the profit index is fulfilled. When product output goes up and the cost of keeping overstocked products rises, the new practice will spur the enterprise to fulfill state plans in an overall manner. According to statistics of departments concerned, at the end of March this year, the amount of money tied up in overstocked products of industrial departments throughout the province was 30 percent higher than in

personal responsibility and contracts layer by layer, and horizontally implement them in every administrative or technical office and vertically implement them in the workshops, groups and teams, and individuals; make clear, from the factory director and management personnel down to the worker, what index of economic responsibility each bears and, according to whether the economic results are good or bad, linked to whether the person's own contributions was big or small, fix rewards or punishments. Only in this way can responsibilities, rights, and profits be combined, and can the masses be mobilized, administration and management improved, the potential within an enterprise be tapped, and economic benefits be increased.

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FOREIGN TRADE

BRIEFS

INTERNATIONAL ENGINEERING CORPORATION--Beijing November 4 (XINHUA)--A China International Engineering Corporation has been established here recently to build agricultural, animal husbandry and fishery projects abroad. The corporation will contract for construction of projects in other countries, provide technical and labor services and set up joint ventures, according to a spokesman of the corporation. The corporation will also provide facilities and machine parts for those projects, the spokesman said. The cooperative projects will cover construction of fish, livestock, poultry, rice, wheat, sugarcane, tea, vegetable and mulberry farms; agrotechnical centers; veterinary stations; factories for processing farm produce, animal by-products and fish; marine fisheries; land reclamation; water conservancy; and construction of methane gas pits and rural development. The corporation has drawn experience from agencies in charge of aiding foreign countries under the agricultural and related departments and incorporated these agencies. In the past two decades, these agencies helped more than 60 developing countries build 150 projects, involved in which were several thousand Chinese engineers and technicians. In addition, the corporation is connected with noted Chinese agronomists, veterinarians and other experts, as well as agricultural colleges and agricultural engineering research institutes. [Text] [OW041249 Beijing XINHUA in English 1237 GMT 4 Nov 82]

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## LABOR AND WAGES

### BRIEFS

JIANGXI IMPROVES URBAN, RURAL LIVELIHOOD--Nanchang, 3 Nov (ZHONGGUO XINWEN SHE)-- The result of a general survey by the relevant department of Jiangxi Province shows that the living standards of urban and rural people in this province have greatly improved over the past 3 years. To our knowledge, in the period of 3 years ending in 1981, Jiangxi Province appropriated 2.37 billion yuan of funds to increase the income and improve the livelihood of urban and rural people. This amounted to 34.5 percent of the provincial financial income. Last year, peasants' average cash income from collectives was 96 yuan per person against 74 yuan in 1978. Urban workers' average yearly income was 719 yuan per person, or 169 yuan more than in 1978. In the first 9 months of this year, the Jiangxi Provincial Government again spent 145 million yuan on subsidizing the prices of goods. [Text] [HK040921 Beijing ZHONGGUO XINWEN SHE in Chinese 0110 GMT 3 Nov 82]

CSO: 4006/87

## GENERAL

'RENMIN RIBAO' ON ECONOMIC RETURNS, OUTPUT VALUE

HK040823 Beijing RENMIN RIBAO in Chinese 29 Oct 82 p 5

[Article by Wu Xuecan [0702 1331 3605]: "Economic Returns and Output Value"]

[Text] When discussing the strategic target of economic development we should take special note of the following passage from the report of the 12th CPC Congress, to strive vigorously "under the prerequisite of constantly raising economic returns." On no account must we put undue emphasis on the strategic target figures and forget to constantly raise economic returns. Deviating from this prerequisite, the development speed will mean nothing and the strategic target will not be actually realized. This requires our correct handling of the relations between the output value and economic returns.

The output value and the economic returns from two different concepts. Sometimes they are the same and sometimes they are different. They are the same when the products, reflected by output value, could meet the social demand in terms of quantity, quality, variety and specification. The higher the output value is, the higher the economic returns will be. Conversely, if the products reflected in output value do not meet social demand, as when "these goods are just not the thing society needs," they are kept too long in stock and finally, decompose, deteriorate and are damaged, instead of being sold out. Consequently, the value of the products is not actually realized. Under these circumstances, although output figures and output value figures are recorded on the statistical table, and payment has even been made by the material departments to the enterprise that has registered sales volume and has made profits, from the social viewpoint, there have not been any economic results. Here the said social demand is to meet the requirements of the actual purchasing power. For instance, although some products could entirely meet the social demand, they are not sold out because the price level exceeds the buyer's actual purchasing power. Therefore, the value is still not realized and it cannot be considered as an actual economic return.

On the other hand, the output value only indicates the quantity of products that are made and it does not indicate the actual quantity of active labor and material consumed by these products. Economic returns are further checked by the social labor quantity consumed by a certain number of products. While

making products in equal quantities, the more labor is consumed, the smaller the economic effect produced. On the contrary, while making products in equal quantities, the less labor is consumed, the higher are the economic returns.

Only by making an investigation of economic returns based on meeting social demand and reducing labor consumption, can it be considered an all-round investigation. The output value index fulfilled under the prerequisite of economic returns should mean making more products to meet the social demand and reduce labor consumption to a minimum.

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GENERAL

ENTERPRISES EXHORTED TO COMBAT LOSS, WASTE

Shenyang LIAONING RIBAO in Chinese 11 Jul 82 p 3

[Article by Shen Yang [3747 3152]: "Start the Overall Reorganization of Enterprises by Combating Waste"]

[Text] Editor's note: The provincial party and the provincial government recently emphatically pointed out: In order to reorganize enterprises well and improve economic benefits, it is necessary to arouse the masses to combat waste resolutely. If the units of Shenyang, Fushun and other municipalities, and of Anshan Iron and Steel Company and other enterprises do this, the results will be very good. At present, the phenomenon of waste is fairly widespread and serious in the production and construction spheres, the commodity circulation sphere, and other spheres, and in some places it is shocking. Therefore, the potential for resolutely combating waste is very large and its significance is very great: 1) it can reduce losses of state property, increase wealth, and improve economic benefits; 2) it can plug loopholes, perfect systems, and promote the improvement of enterprise management; and 3) it can educate the broad masses of staff and workers to establish and heighten their sense of responsibility as masters, to persist in the good tradition of waging arduous struggle, and to cultivate the good habit of being hardworking and thrifty. By combating waste the launching of activities to increase production and practice thrift and to increase income and limit expenditures will be further promoted.

Big losses and waste and poor economic benefits constitute a serious problem that now exists on a wide scale on the economic front. In fairly many enterprises, the management of funds is chaotic; the consumption of raw materials is excessive; products and spare parts are seriously damaged or lost; the reject rate is high; blind purchasing creates overstocking of goods, materials, and equipment; blind production and manufacture in a rough and slipshod way creates a large amount of overstocked products; and the labor system is irrational and the worktime utilization rate low. As for product

design, manufacturing techniques, production techniques, and management level, one can see even more potential. Waste not only causes serious economic losses, but also corrupts the minds of the cadres and masses, makes the staff and worker force slack, ruins the social atmosphere, and creates opportunities for serious criminal activity in the economic sphere. Therefore, it is both very necessary and imperative that in enterprise reorganization a widespread movement to combat waste be launched.

In the process of effecting a comprehensive reorganization of its enterprises, Shenyang Municipality launched widespread, deepgoing activities to "learn from the advanced, look for shortcomings, combat waste, and increase benefits." The activities to combat waste, which have been going on for several months, have aroused the spirit of the broad masses of staff and workers throughout the municipality, opened up the situation in enterprise reorganization, further promoted a change in the ideology guiding economic work, and promoted the struggle to crack down on serious criminal activities within the economic sphere so that a good momentum has emerged in which industrial production grows steadily and the profit handed over to the higher authorities steadily rises. In the first 5 months of the year as compared to the corresponding period of last year, industry's total output value increased by 7.5 percent, the profit realized by enterprises directly under the municipality's budget increased by 4.7 percent, the profit handed over to the higher authorities increased by 11.1 percent, and the circulating funds turnover was accelerated by 12.2 days. By making combating waste their breakthrough point in enterprise reorganization, a batch of enterprises achieved outstanding results.

One important reason that loss and waste are serious and economic benefits are poor is that the thinking and workstyle of the leading group of an enterprise are not correct. Therefore, in enterprise reorganization the leading group should now stress the solution of three problems: 1) change their guiding ideology in economic work by switching from purely grasping output value and output to the track with improvement of economic benefits as its core; 2) overcome bureaucracy, slackness, and weakness, arouse the spirit, change the workstyle, and heighten dedication to work; and 3) check unhealthy tendencies, correct the party style, and make the relationship between the cadres and the masses close. Once the Shenyang Municipal Sewing Machine Plant had a "three advance" work team which had five changes in leadership, all of whom failed fundamentally to solve the plant's problem. This year, when the unit, acting as an experimental point, began to reorganize, most of the members of the leading group feared difficulties and to different degrees "thought of leaving and not of managing." During the activities to combat waste, the plant's party committee, in relation to the problem of loss and waste valued at 1.6 million yuan that had been brought to light, examined its thinking, searched for reasons, launched criticism and self-criticism, and solved fairly well the ideological problems of the group members, aroused their revolutionary spirit, and became determined to change the plant's backward features. Based on the reorganization plan and their individual share of the work, several leading members went to workshop teams and groups and rapidly opened up the situation in reorganization work, promoting the development of production. Many leading

groups of units checked for flaws in the enterprise's administration and management, summed up experiences and lessons, launched criticism and self-criticism, and strengthened ideology and workstyle. This set up a leadership system for carrying out reorganization and readjustment that was both democratic and collective in nature, and it created good conditions.

Activities to combat waste contributes to the strengthening of the staff and worker force. Under the party's leadership, our county's working class possesses an excellent revolutionary tradition and has always been an excellent force that is patriotic, enthusiastic about socialism, diligent and thrifty, and full of creativity. However, during the "Great Cultural Revolution," this excellent revolutionary tradition was greatly damaged, the education and technical levels of the staff and workers universally dropped, the enterprises were overstaffed, the work was careless and sloppy, and labor discipline was lax. All these things were important causes of loss and waste. The activities to combat waste added new content to education in the "three loves, being the masters, achieving new merits, and establishing a new workstyle." This enhances the idea on the part of staff and workers that they are the masters and is highly advantageous. At present, there has appeared in many enterprises the new phenomenon of the "five more and five less": more conscious observance of rules and discipline and less staying away from work without leave or good reason, tardiness, and fighting and scuffling; more conscientious responsibility and painstaking operation in work and less showing up for work but not putting forth effort and manufacturing in a rough and slipshod way; more taking good care of state property and thrift and frugality and less extravagant waste of assets and appropriation of public property; more positive vigor and less negative backwardness; and more love for one's own job and concern for the collective and less choosing whatever is to one's personal advantage and being preoccupied with one's personal gains and losses. The mass-type "five little" activity--a little knack, a little suggestion, a little improvement, a little innovation, and a little invention--has had a new development. We should value this achievement extremely highly and on this foundation continue to advance toward gradually building up a staff and worker force that is both Red and expert.

In the final analysis, the problem of loss and waste that exists in enterprises is owing to the fact that the foundation work was weak and the economic responsibility system was not perfected. If, after loss and waste have been uncovered, we only pick out "movable property," then we will still be unable basically to strengthen enterprises. Therefore, when most of the enterprises enter the stage of reorganization and reformation, we should guide them to pay attention to strengthening all parts of the foundation work for enterprise management, to reorganize and perfect the economic responsibility system, and to put a lot of effort into getting at the root of problems. According to what Shenyang Municipality has found out about 83 enterprises, during the activities to combat waste, 29 enterprises have strengthened their work in keeping original records, collecting statistics and making calculations, and examining, measuring, and testing; 32 enterprises have revised and perfected their raw material consumption norms, labor norms, and fuel and motive power consumption norms, and have strengthened their

management of these norms; 11 enterprises have rectified their labor organizations and have fixed the number of staff and the number of groups; and 11 enterprises have learned from the Capital Iron and Steel Company and have perfected the economic responsibility system. Although this work is just a beginning, it is a gratifying step toward the building of the management system for a scientific civilization.

Bringing up the problem of combating waste provides a clue to cracking down on economic crimes, and this crackdown will cause the great number of cadres and masses continually to deepen their understanding of the importance of combating waste. When bringing up manifestations of loss and waste, many enterprises, in their activities of purchasing and coordinating outside the enterprises, seek far and wide for what is close at hand, but what is expensive instead of what is inexpensive, and get what is inferior instead of what is superior; in marketing products, the problems of unauthorized lowering of grades and prices when dealing with products or other goods and materials, as well as the loss of precious metals and valuable parts, have been expeditiously investigated and some illegal and criminal activities have been discovered. Strict handling of these cases will give a powerful impetus to the struggle to crack down on serious criminal activities within the economic sphere, and will also be vivid teaching materials for educating the staff and workers to combat corruption. With regard to the problem among staff and workers of making no distinction between what is public and what is private and then seizing state property, the main thing is for them, through self-education, to heighten their consciousness. In general, we should not appeal to people to return public property and not appeal to everybody to stop doing evil and reform themselves, but should express our welcome to those who, after being educated in this respect, return public property. Provided the policy limits are clear, we will dispel the unnecessary ideological misgivings on the part of some people, so that activities to combat waste will be launched on a wide scale.

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